



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

May 4, 2021

The Honorable Marvin L. Abney
Chair, House Committee on Finance
Rhode Island State House
Providence, RI 02903

**RE: Letter of Concern Regarding House Bill 6207 – An Act Relation to Taxation –
Personal Income Tax**

Dear Chairperson Abney:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed House Bill 6207 as currently drafted; ii) explain the background and current statutory context in order to clarify the intended and unintended consequences of this bill; and iii) make recommendations and request your support in implementing those recommendations. The concerns expressed in this letter are substantially similar to those expressed in a letter to the Senate Committee on Finance regarding the same bill introduced as Senate Bill 764.

This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid tax administration and compliance.

As you know, this bill amends Title 44, Chapter 30 to allow for up to \$10,200 in unemployment compensation income to be exempted from taxation for the tax year 2020, per individual.

There is a potential issue that impacts tax administration as the bill states that “any individual with an adjusted gross income less than one hundred fifty thousand dollars (\$150,000)” may deduct up to \$10,200 of unemployment compensation as a modification. For jointly filed returns, the adjusted gross income for each individual is the adjusted gross income as reported for both individuals combined. If the intent is to follow the federal law, then the Division respectfully suggests making it clear in the bill that the modification is available to one or both individuals filing jointly only if their joint income is less than \$150,000. As drafted, the application of the one hundred fifty thousand dollars (\$150,000) threshold is unclear.

The Division takes no position with respect to the remainder of the proposed legislation. Rather, the Division is concerned solely with the issues of clarity, tax compliance, and tax administration. As such, the Division respectfully suggests that the bill be redrafted for clarity.

I look forward to working with you to address the issues raised in this letter and appreciate your consideration.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Msavage", with a long horizontal flourish extending to the right.

Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Finance (via:
HouseFinance@rilegislature.gov)
The Honorable Charlene M. Lima
Marilyn Shannon McConaghy, Acting Director, Department of Revenue